

Attachment 1

Performance Standard Description, Performance Levels, and Annual Results

SERVICE RELIABILITY PERFORMANCE STANDARDS

Outage Frequency and Duration

An outage is defined as the loss of electric service to more than one customer for more than one minute. The duration per customer served is the total length of time in minutes that an average customer is without service per year. Excluded from reliability measurements are extraordinary events such as severe storms including those which qualify as a storm for Storm Fund purposes and load shedding events resulting from generation or transmission problems. An event excluded from reliability measurements must meet one of the following criteria:

The event resulted in customer outages that represent more than ten percent (10%) of the customers in a district at any given time during the event or of a size substantial enough to qualify for Storm Fund purposes;

The outages resulting from the event were as a result of the failure of other companies' supply or transmission to Company customers and restoration of service was beyond the control of the Company and its employees;

- The circumstances of the event were extraordinary, such as major disasters, earthquakes, wildfires, floods, hurricanes, tornadoes, ice storms, wind storms or other weather events beyond the control of the Company.

2000 Frequency Standard

2000 Frequency Results

<u>Frequency of Outages per Customer</u>		<u>Transition Penalty (Incentives)</u>	<u>Frequency of Outages per Customer</u>		<u>Annual Transition Penalty (Incentives)</u>	<u>May - Dec. Transition Penalty (Incentives)</u>
1.54	(max. level)	\$3,000,000				
1.42	(25% level)	\$750,000				
1.30	(average)	\$0				
1.18	(25% level)	(\$750,000)	1.18		(\$750,000)	(\$500,000)
1.06	(max. level)	(\$3,000,000)				

2000 Duration Standard

2000 Duration Results

Duration of Outages (minutes)	Transition Penalty (Incentives)	Duration of Outages (minutes)	Annual Transition Penalty (Incentives)	May - Dec. Transition Penalty (Incentives)
122.57 (max. level)	\$3,000,000			
109.50 (25% level)	\$750,000			
96.43 (average)	\$0			
83.36 (25% level)	(\$750,000)			
		82.12	(\$965,000)	(\$643,000)
70.29 (max. level)	(\$3,000,000)			

Distribution Losses

Distribution line losses are defined as the difference between the total energy delivered into the distribution system and the total energy sold to retail customers. Delivered kWh are measured at substation and tie-line meters on an hourly basis, then aggregated over the hours in a calendar year for each distribution company. Monthly kWh sales are measured by billing meters at customer locations, then aggregated across months to get the annual total for each distribution company.

2000 Distribution Losses Standard

2000 Distribution Losses Results

Losses	Penalty (Incentives)	Losses	Annual Penalty (Incentives)	May - Dec. Penalty (Incentives)
4.37% (max. level)	\$1,000,000	5.03%	\$1,000,000	\$667,000
4.19% (25% level)	\$250,000			
4.01% (average)	\$0			
3.83% (25% level)	(\$250,000)			
3.65% (max. level)	(\$1,000,000)			

CUSTOMER SERVICE PERFORMANCE STANDARD

Customer Satisfaction

The Company will commission independent third party consultants to perform annual surveys of its customers to determine their overall level of satisfaction with the Company. The survey's measurement of customer satisfaction under this standard shall be based on the percentage of responses in the top three categories of customer satisfaction under a seven point scale (1=poor and 7=excellent).

2000 Customer Satisfaction Standard

Percent Satisfied	Transition Penalty (Incentives)
89.5% (max. level)	\$2,000,000
90.4% (25% level)	\$500,000
91.3% (average)	\$0
92.2% (25% level)	(\$500,000)
93.1% (max. level)	(\$2,000,000)

2000 Customer Satisfaction Results

Percent Satisfied	Annual Transition Penalty (Incentives)	May - Dec. Transition Penalty (Incentives)
95.0%	(\$2,000,000)	(\$1,333,000)

Customer Contact

The Company will commission independent third party consultants to perform annual surveys of its customers who have contacted the call center to determine their overall level of satisfaction with their contact. The survey's measurement of customer satisfaction under this standard shall be based on the percentage of responses in the top two categories of customer satisfaction under a seven point scale (1 = extremely dissatisfied and 7 = extremely satisfied).

2000 Customer Contact Standard

Percent Satisfied	Penalty (Incentives)
71.8% (max. level)	\$1,000,000
75.1% (25% level)	\$250,000
78.4% (average)	\$0
81.7% (25% level)	(\$250,000)
85.0% (max. level)	(\$1,000,000)

2000 Customer Contact Results

Percent Satisfied	Annual Penalty (Incentives)	May - Dec. Penalty (Incentive)
85.0%	(\$1,000,000)	(\$667,000)

Customer Telephone Service

The Customer Telephone Service Performance Standard reflects the annual average of calls answered within 20 seconds by customer service representatives.

2000 Customer Telephone Service Standard

<u>% Answered Within 20 Seconds</u>	<u>Penalty (Incentives)</u>
66.5% (max. level)	\$1,000,000
69.2% (25% level)	\$250,000
71.9% (average)	\$0
74.6% (25% level)	(\$250,000)
77.3% (max. level)	(\$1,000,000)

2000 Customer Telephone Service Results

<u>% Answered Within 20 Seconds</u>	<u>Annual Penalty (Incentives)</u>	<u>May - Dec. Penalty (Incentives)</u>
78.4%	(\$1,000,000)	(\$667,000)

Customer Billing Service

The Customer Billing Service Performance Standard reflects the annual average percent of meters read each month and billed accordingly.

2000 Customer Billing Service Standard

<u>Percent Meters Read</u>	<u>Penalty (Incentives)</u>
86.4% (max. level)	\$1,000,000
88.8% (25% level)	\$250,000
91.2% (average)	\$0
93.6% (25% level)	(\$250,000)
96.0% (max. level)	(\$1,000,000)

2000 Customer Billing Service Results

<u>Percent Meters Read</u>	<u>Annual Penalty (Incentives)</u>	<u>May - Dec. Penalty (Incentives)</u>
94.2%	(\$437,000)	(\$291,000)

Department of Telecommunications and Energy Cases

The DTE Cases Performance Standard measures the number of cases before the Department's Consumer Division. It is measured as the number of cases per 1,000 customers.

2000 DTE Cases Standard

2000 DTE Cases Results

<u>Cases per</u> <u>1,000 Customers</u>	<u>Penalty</u> <u>(Incentives)</u>	<u>Cases per</u> <u>1,000 Customers</u>	<u>Annual</u> <u>Penalty</u> <u>(Incentives)</u>	<u>May - Dec.</u> <u>Penalty</u> <u>(Incentives)</u>
0.94 (max. level)	\$1,000,000			
0.86 (25% level)	\$250,000			
0.78 (average)	\$0			
0.70 (25% level)	(\$250,000)			
			(\$250,000)	(\$167,000)
0.62 (max. level)	(\$1,000,000)			

SAFETY

Lost Time Accidents Rate

The Safety Performance Standard shall be based on a Lost Time Accident Rate per 200,000 hours worked by company employees as reported by each district to the Bureau of Labor Statistics.

2000 Lost Time Accidents Standard

2000 Lost Time Accidents Results

<u>LTA Rate</u>	<u>Penalty</u> <u>(Incentives)</u>	<u>LTA Rate</u>	<u>Annual</u> <u>Penalty</u> <u>(Incentives)</u>	<u>May - Dec.</u> <u>Penalty</u> <u>(Incentives)</u>
2.14 (max. level)	\$1,000,000			
1.89 (25% level)	\$250,000			
1.64 (average)	\$0			
			(\$170,000)	(\$113,000)
1.39 (25% level)	(\$250,000)			
1.14 (max. level)	(\$1,000,000)			

Restricted Work Case Rate

The Restricted Work Case Rate standard shall be based on the number of Restricted Work Cases per 200,000 hours worked as reported by each district to the Bureau of Labor Statistics.

2000 Restricted Work Case Rate Standard

2000 Restricted Work Case Rate Results

<u>RW Rate</u>	<u>Penalty (Incentives)</u>	<u>RW Rate</u>	<u>Annual Penalty (Incentives)</u>	<u>May - Dec. Penalty (Incentives)</u>
7.86 (max. level)	\$1,000,000			
7.13 (25% level)	\$250,000			
		6.57	\$58,000	\$39,000
6.40 (average)	\$0			
5.67 (25% level)	(\$250,000)			
4.94 (max. level)	(\$1,000,000)			

Attachment 2
Calculation of Penalties/Incentives

**Massachusetts Electric Company
Nantucket Electric Company**
Calculation Year 2000 Service Quality
Performance Penalty/Incentive

	Annual Potential Penalty/ Incentive	Results	Maximum Penalty	One Std Dev. Worse Than Mean	Mean	One Std Dev. Better Than Mean	Maximum Incentive	Annual Penalty/ Incentive	May - December Penalty/ Incentive
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Reliability - Frequency	\$3.0	1.18	1.54	1.42	1.30	1.18	1.06	(\$750)	(\$500)
Reliability - Duration	\$3.0	82.12	122.57	109.50	96.43	83.36	70.29	(\$965)	(\$643)
Reliability - Distribution Line Losses	\$1.0	5.03	4.37	4.19	4.01	3.83	3.65	\$1,000	\$667
Customer Service - Customer Satisfaction	\$2.0	95.0%	89.5%	90.4%	91.3%	92.2%	93.1%	(\$2,000)	(\$1,333)
Customer Service - Customer Contact	\$1.0	85.0%	71.8%	75.1%	78.4%	81.7%	85.0%	(\$1,000)	(\$667)
Customer Service - Telephone Service	\$1.0	78.4%	66.5%	69.2%	71.9%	74.6%	77.3%	(\$1,000)	(\$667)
Customer Service - Billing Service	\$1.0	94.2%	86.4%	88.8%	91.2%	93.6%	96.0%	(\$437)	(\$291)
Customer Service - DTE Cases	\$1.0	0.70	0.94	0.86	0.78	0.70	0.62	(\$250)	(\$167)
Safety - Lost Time Accident Rate	\$1.0	1.47	2.14	1.89	1.64	1.39	1.14	(\$170)	(\$113)
Safety - Restricted Work Case Rate	\$1.0	6.57	7.86	7.13	6.40	5.67	4.94	\$58	\$39
Total Penalty/Incentive	\$15.0							(\$5,514)	(\$3,675)

(a) Per Attachment 10 of Merger Settlement Agreement, Docket D.T.E. 99-47

(b) Actual results of annual performance for standard listed in Column (a); includes performance of Eastern Edison Company for all months of 2000.

(c) Column (f) \pm 2 standard deviations, depending upon standard

(d) Column (f) \pm 1 standard deviations, depending upon standard

(e) Average of most recent 5 years of data, if available, up through 1999 performance

(f) Column (f) \pm 1 standard deviations, depending upon standard

(g) Column (f) \pm 2 standard deviations, depending upon standard

(h) If Column (b) equals Column (e): \$0

If Column (b) is between Column (e) and Column (d) or

If Column (b) is between Column (e) and Column (f): $[\text{Column (b)} - \text{Column (e)}] + \text{standard deviation} \times 25\% \text{ of Column (a)}$

If Column (b) equals Column (d): 25% of Column (a)

If Column (b) equals Column (f): 25% of Column (a)

If Column (b) is between Column (f) and Column (g): $25\% \text{ of Column (a)} + [\text{Column (b)} - \text{Column (f)}] + \text{standard deviation} \times 75\% \text{ of Column (a)}$

If Column (b) is between Column (c) and Column (d): $25\% \text{ of Column (a)} + [\text{Column (b)} - \text{Column (d)}] + \text{standard deviation} \times 75\% \text{ of Column (a)}$

If Column (b) equals or is beyond Column (c): 100% of Column (a)

If Column (b) equals or is beyond Column (g): 100% of Column (a)

(i) Column (h) \times 66.67% (8 months since May 1, 2000 merger of Mass. Electric and Eastern Edison). Performance of first 4 months of 2000 is measured under each company's respective service quality programs implemented as a result of restructuring settlement agreements in dockets DPU/DTE 96-25 and 96-24, respectively.

Attachment 3
Year 2001 Performance Levels

**Massachusetts Electric Company
 Nantucket Electric Company
 2001 Service Quality Standards**

<u>2001 Frequency Standard</u>				<u>2001 Duration Standard</u>			
(1)	Average	1.27		(1)	Average	91.33	
(2)	Standard Deviation	0.12		(2)	Standard Deviation	13.07	
(3)	Maximum incentive/penalty		\$ 3,000,000	(3)	Maximum incentive/penalty		\$ 3,000,000
			Transition Penalty (Incentive)				Transition Penalty (Incentive)
(4)	1.51	maximum level	\$ 3,000,000	(4)	117.47	maximum level	\$ 3,000,000
(5)	1.39	25% level	\$ 750,000	(5)	104.40	25% level	\$ 750,000
(6)	1.27	Average	\$ -	(6)	91.33	Average	\$ -
(7)	1.15	25% level	\$ (750,000)	(7)	78.26	25% level	\$ (750,000)
(8)	1.03	maximum level	\$ (3,000,000)	(8)	65.19	maximum level	\$ (3,000,000)

<u>2001 Distribution Losses Standard</u>				<u>2001 Customer Satisfaction Standard</u>			
(1)	Average	4.27%		(1)	Average	92.0%	
(2)	Standard Deviation	0.18%		(2)	Standard Deviation	0.9%	
(3)	Maximum incentive/penalty		\$ 1,000,000	(3)	Maximum incentive/penalty		\$ 2,000,000
			Penalty (Incentive)				Transition Penalty (Incentive)
(4)	4.63%	maximum level	\$ 1,000,000	(4)	90.2%	maximum level	\$ 2,000,000
(5)	4.45%	25% level	\$ 250,000	(5)	91.1%	25% level	\$ 500,000
(6)	4.27%	Average	\$ -	(6)	92.0%	Average	\$ -
(7)	4.09%	25% level	\$ (250,000)	(7)	92.9%	25% level	\$ (500,000)
(8)	3.91%	maximum level	\$ (1,000,000)	(8)	93.8%	maximum level	\$ (2,000,000)

<u>2001 Customer Contact Standard</u>				<u>2001 Customer Telephone Service Standard</u>			
(1)	Average	80.1%		(1)	Average	73.5%	
(2)	Standard Deviation	3.3%		(2)	Standard Deviation	2.7%	
(3)	Maximum incentive/penalty		\$ 1,000,000	(3)	Maximum incentive/penalty		\$ 1,000,000
			Penalty (Incentive)				Penalty (Incentive)
(4)	73.5%	maximum level	\$ 1,000,000	(4)	68.1%	maximum level	\$ 1,000,000
(5)	76.8%	25% level	\$ 250,000	(5)	70.8%	25% level	\$ 250,000
(6)	80.1%	Average	\$ -	(6)	73.5%	Average	\$ -
(7)	83.4%	25% level	\$ (250,000)	(7)	76.2%	25% level	\$ (250,000)
(8)	86.7%	maximum level	\$ (1,000,000)	(8)	78.9%	maximum level	\$ (1,000,000)

**Massachusetts Electric Company
Nantucket Electric Company
2001 Service Quality Standards**

<u>2001 Customer Billing Service Standard</u>				<u>2001 Customer DTE Cases Standard</u>			
(1)	Average	91.0%		(1)	Average	0.75	
(2)	Standard Deviation	2.4%		(2)	Standard Deviation	0.08	
(3)	Maximum incentive/penalty		\$ 1,000,000	(3)	Maximum incentive/penalty		\$ 1,000,000
			Penalty (Incentive)				Penalty (Incentive)
(4)	86.2%	maximum level	\$ 1,000,000	(4)	0.91	maximum level	\$ 1,000,000
(5)	88.6%	25% level	\$ 250,000	(5)	0.83	25% level	\$ 250,000
(6)	91.0%	Average	\$ -	(6)	0.75	Average	\$ -
(7)	93.4%	25% level	\$ (250,000)	(7)	0.67	25% level	\$ (250,000)
(8)	95.8%	maximum level	\$ (1,000,000)	(8)	0.59	maximum level	\$ (1,000,000)

<u>2001 Lost Time Accidents Standard</u>				<u>2001 Restricted Work Case Rate Standard</u>			
(1)	Average	1.66		(1)	Average	6.46	
(2)	Standard Deviation	0.25		(2)	Standard Deviation	0.73	
(3)	Maximum incentive/penalty		\$ 1,000,000	(3)	Maximum incentive/penalty		\$ 1,000,000
			Penalty (Incentive)				Penalty (Incentive)
(4)	2.16	maximum level	\$ 1,000,000	(4)	7.92	maximum level	\$ 1,000,000
(5)	1.91	25% level	\$ 250,000	(5)	7.19	25% level	\$ 250,000
(6)	1.66	Average	\$ -	(6)	6.46	Average	\$ -
(7)	1.41	25% level	\$ (250,000)	(7)	5.73	25% level	\$ (250,000)
(8)	1.16	maximum level	\$ (1,000,000)	(8)	5.00	maximum level	\$ (1,000,000)

- (1) Average of data for most recent 5 years, if available, including the year 2000
- (2) Determined through the calculation of the year 2000 standards and fixed according to the merger settlement agreement in MDTE Docket 99-47, Attachment 10.
- (3) Per Attachment 10 of merger settlement agreement in MDTE Docket 99-47
- (4) Standard: Average +/- Line (2) x 2
Penalty (Incentive): Line (3)
- (5) Standard: Average +/- Line (2) x 1
Penalty (Incentive): Line (3) x 25%
- (6) Standard: Average
Penalty (Incentive): Set at zero
- (7) Standard: Average +/- Line (2) x 1
Penalty (Incentive): Line (3) x 25%
- (8) Standard: Average +/- Line (2) x 2
Penalty (Incentive): Line (3)